

Message Text

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ACTION OES-04

INFO OCT-01 ARA-06 EUR-12 ISO-00 ACDA-05 CIAE-00 INR-05

IO-10 L-02 NSAE-00 NSC-05 RSC-01 FEAE-00 DODE-00

PM-03 H-01 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

TRSE-00 /081 W

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R 181430Z NOV 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 5257

INFO AEC GERMANTOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY PARIS

AMEMBASSY MADRID

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 IAEA VIENNA 9723

E.O. 11652: GDS

TAGS: PFOR, TECH, CI, US

SUBJECT: CHILE-US NUCLEAR COOPERATION

REF: (A) BUENOS AIRES 8262 (B) BUENOS AIRES 8261

(C) IAEA VIENNA 9201 (NOTAL)

1. ONCE AGAIN, MISSION BEMUSED BY STATEMENTS ATTRIBUTED
TO CHILEAN AUTHORITIES ON ABOVE SUBJECT AS MOST RECENTLY
REPORTED BY EMBASSY BUENOS AIRES. WHILE MEANING OF
PARA 2 REF A NOT ENTIRELY CLEAR TO US, APPEARS TO
IMPLY STRONGLY THAT US MISSION HAS BEEN TWISTING
CHILEAN ARMS IN EFFORT OBTAIN CHILE'S ADHERENCE TO NPT
WHILE HOLDING OUT AS REWARD SOME SORT OF UNSPECIFIED US
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AID. WE WOULD LIKE TO SET RECORD STRAIGHT FOR BENEFIT

OF ADDRESSEES.

2. ONLY CONTACT WHICH OCCURRED BETWEEN MISOFFS AND CHILEAN REPS ON THIS SUBJECT TOOK PLACE DURING CALL ON COUNSELLOR FOR ATOMIC ENERGY AFFAIRS 9/12 BY ENRIQUE LACKINGTON OF CHILEAN EMBASSY AT LATTER'S REQUEST. PURPOSE OF CALL WAS TO ASCERTAIN, IN LIGHT OF CHILE'S ECONOMIC DIFFICULTIES, POSSIBILITIES FOR ARRANGEMENT OF DONATION BY US OF REMAINING BALANCE OF ENRICHED URANIUM CHILE HAD ON LOAN FROM US THROUGH IAEA VALUED AT \$61,757.51 (REF C), FOR WHICH AMOUNT IAEA HAD BILLED HIS GOVERNMENT.

3. AS EXPLAINED IN COUNSELLOR'S MEMO OF 9/12 TO A. S. FRIEDMAN, DIRECTOR, AEC, DIVISION OF INTERNATIONAL PROGRAMS, WHO ARRIVED SEVERAL DAYS LATER, IT WAS POINTED OUT TO LACKINGTON THAT IN RECENT YEARS CHILE HAD ALREADY RECEIVED AS GIFT FROM US SPECIAL NUCLEAR MATERIAL VALUED AT OVER \$50,000. COUNSELLOR ALSO NOTED POLICY ANNOUNCED BY US AT JUNE MEETING OF IAEA BOARD OF GOVERNORS THAT HENCEFORTH PREFERENCE RPT PREFERENCE WOULD BE GIVEN TO NPT PARTIES IN DISTRIBUTING THE US GIFT, AND IT WAS CLEAR THAT REQUESTS FROM NPT PARTIES THIS YEAR WOULD EXCEED TOTAL AMOUNT OF THE GIFT. UNLESS CHILE ADHERED TO NPT BEFORE YEAR-END, (WHEN AEC LEASE EXPIRES), PERMITTING CONSIDERATION BY USG IN ALLOCATING FIT, THERE DID NOT APPEAR TO BE ANY WAY TO AVOID CHILE PAYING FULL AMOUNT FOR WHICH IT WAS BILLED. COMMENT: AS DEPT. AWARE, STATEMENT BY CHAIRMAN RAY AT GENERAL CONFERENCE ALLUDED TO IN PARA 2 REF A CONCERNED INTENTION OF US TO GIVE PREFERENCE IN ALLOCATION OF IN-KIND GRANTS, NOT RPT NOT OF ANNUAL SUM GIFT, TO DEVELOPING COUNTRIES PARTIES TO NPT. END COMMENT.

4. COUNSELLOR EXPRESSED INTEREST IN COMMENT BY LACKINGTON THAT CHILE WOULD PROBABLY ADHERE SHORTLY TO TLA TELOLCO TREATY, AND SUGGESTED THAT IF CHILE DID SO WITH SAME INTERPRETATION GIVEN THAT TREATY BY MEXICO AND THE US, WOULD APPEAR TO BE NO REASON WHY CHILE COULD NOT ALSO ADHERE TO NPT AND THEREBY BE ELIGIBLE FOR BENEFITS SHARED BY OTHER NNWS PARTIES TO THE TREATY.

5. COUNSELLOR SUGGESTED CHILEAN RESREP AMBASSADOR VALDES
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MIGHT WISH PURSUE MATTER FURTHER WITH FRIEDMAN DURING GENERAL CONFERENCE. LACKINGTON LATER REPORTED THAT HIS SUPERIORS DESIRED NO MEETING UNLESS WE COULD PROMISE AFFIRMATIVE ACTION ON THEIR REQUEST. SINCE FRIEDMAN FORESAW NO SUCH POSSIBILITY, MEETING NEVER TOOK PLACE.

6. STATEMENT BY CONTRERAS FISCHER REPORTED PARA 1 REF A THAT FUEL FOR LA AGUIERA REACTOR HAD BEEN DENIED BY USG AND THAT

USG MADE NPT ADHERENCE PRECONDITION WILL BE RECOGNIZED BY DEPT. AND AEC AS DISTORTION. WE RECALL THAT PREVIOUS REGIME MADE REQUEST TO IAEA FOR ASSISTANCE IN OBTAINING FUEL, AT SUGGESTION AEC WHO WERE UNAWARE THAT REACTOR WOULD BE UNDER EXCLUSIVE CONTROL AND TOTALLY STAFFED BY ARMY. AS FULLY REPORTED, WHEN IAEA SECRETARIAT LEARNED FACTS FROM THEN CHILEAN RESREP BENADAVA, THEY IMMEDIATELY RAISED QUESTION WITH CHILE AS TO AGENCY HAVING ANYTHING TO DO WITH REACTOR, IN LIGHT AGENCY STATUTE WHICH EXPLICITLY PROHIBITS ITS ASSISTANCE BEING USED "IN SUCH A WAY AS TO FURTHER ANY MILITARY PURPOSE". PROBLEM WOULD HAVE EXISTED EVEN IF CHILE HAD BEEN PARTY TO NPT, WITH NPT-SAFEGUARDS AGREEMENT IN EFFECT. WE RECALL THAT, JUST BEFORE CHANGE OF REGIME, BENADAVA REPORTED TO US, UPON RETURN FROM CHILE, THAT HE HAD PERSUADED HIS AUTHORITIES TO CREATE CIVILIAN MANAGEMENT ORGANIZATION FOR LA AGUIERA, INCLUDING FULL COORDINATION WITH ACTIVITIES AT LA REINA. SUBSEQUENT WILLINGNESS BY FRENCH TO SUPPLY ENRICHED URANIUM REQUIRED DEFERRED WHOLE QUESTION FROM IAEA STANDPOINT, SINCE ALL THAT WAS ASKED OF AGENCY WAS TO APPLY ITS SAFEGUARDS TO ASSURE THAT NUCLEAR MATERIAL SUPPLIED WAS NOT BEING USED TO FURTHER ANY MILITARY PURPOSE. ONLY WHEN FUEL HAD BEEN FABRICATED IN SPAIN (UNDER IAEA SAFEGUARDS) AND SHIPPED TO CHILE WOULD QUESTION ARISE OF OWNERSHIP AND OPERATION OF REACTOR BY ARMY.

7. REPORTED STATEMENT ALSO IMPLIES THAT SPAIN AGREED BUILD REACTOR ONLY AFTER CHILE WILLINGLY AGREED TO IAEA SAFEGUARDS. FACT IS THAT SPAIN HAD ESSENTIALLY COMPLETED MANUFACTURE OF REACTOR COMPONENTS AT TIME CHILE BEGAN SEEKING FUEL AND NOT SLIGHTEST SUGGESTION HAS EVER BEEN MADE THAT SPAIN REQUESTED, LET ALONE REQUIRED, IAEA SAFEGUARDS TO BE APPLIED TO REACTOR.

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FM USMISSION IAEA VIENNA
TO SECSTATE WASHDC 5258
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C O N F I D E N T I A L SECTION 2 OF 2 IAEA VIENNA 9723

8. WE HEARTILY ENDORSE EMBASSY'S SUSPICION (FINAL SENTENCE PARA 2 REF A) THAT CONTRERREAS FISCHER QUOTES "OUT OF CONTEXT". REASONS FOR THIS ARE NO CLEARER TO US THAN RATIONALE FOR NUMBER OF RECENT CHILEAN POLICY MOVES AND STATEMENTS IN NUCLEAR FIELD; I.E., ARDENT BID FOR US ASSISTANCE IN NUCLEAR FIELD (REF B), RECENT PUZZLING CALL IN UN FOR "STRENGTHENING NPT" ON ONE HAND, AND NON-EFFECTIVE RATIFICATION OF TLATELOLCO TREATY (CONTINGENT ON RATIFICATION BY OTHER PARTIES) AND SOLITARY RPT SOLITARY SUPPORT OF ARGENTINA IN LATTER'S BID FOR AN UNACCEPTABLE SAFEGUARDS AGREEMENT AT SEPTEMBER BOARD OF IAEA ON THE OTHER.

9. FOR BUENOS AIRES: MISSION WOULD WELCOME CLARIFICATION OF SCIREP STATEMENT PARA 2 OF REF A THAT CAUTION SHOULD BE CONFIDENTIAL

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USED IN URGING STATES TO RATIFY NPT LEST "SOME DAY THEY MIGHT CALL OUR BLUFF", INASMUCH AS MISSION HAS NEVER OFFERED ANY MATERIAL INDUCEMENT TO ANY PROSPECTIVE NPT PARTY NOR WOULD WE ADVOCATE ANY SUCH POLICY.LABOWITZ

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